

## Message Text

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ACTION EB-08

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TO SECSTATE WASHDC NIACT IMMEDIATE 3634

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E.O. 11652: N/A

TAGS: COCOM, IT

SUBJECT: COCOM: ITALIAN INTEGRATED CIRCUITS SALE TO ROMANIA

REFS: (A) ROME 20632; (B) ROME 2657

1. MINISTER-COUNSELOR FOR ECONOMIC AND COMMERCIAL AFFAIRS (ECMIN) WAS CALLED FOR FOREIGN MINISTRY MORNING OF MARCH 28 TO RECEIVE FROM MFA DEPUTY DIRECTOR GENERAL FOR ECONOMIC AFFAIRS RICCIULLI AN AIDE MEMOIRE CONCERNING THE EXPORT FROM ITALY TO ROMANIA OF EQUIPMENT AND TECHNOLOGY FOR THE MANUFACTURING OF INTEGRATED CIRCUITS. RICCIULLI STRESSED SIGNIFICANCE OF SALE AND PROSPECTIVE SALES LEADING FROM IT TO ITALIAN INDUSTRY. HE ADDED THAT ITALIAN EXPERTS HAD MADE PRESENTATION AT MARCH 8 COCOM MEETING DESCRIBING NON-STRATEGIC CONTENT OF PROPOSED SALE. BASED ON THESE CONSIDERATIONS, RICCIULLI ADDED HOPE THAT USG WOULD ALSO TAKE "POLITICAL FACTORS" INTO ACCOUNT IN INSTRUCTING U.S. COCOM DELEGATION AT MARCH 29 MEETING TO SUPPORT ITALIAN REQUEST.

2. TRANSLATION OF TEXT OF AIDE MEMOIRE AS FOLLOWS:

BEGIN TEXT:

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SUBJECT: EXPORTATION TO ROMANIA OF KNOW-HOW CONCERNING THE MANUFACTURING OF INTEGRATED CIRCUITS.

ON MARCH 22, 1977, THE ITALIAN REPRESENTATIVE TO COCOM REQUESTED, ON BEHALF OF THE S.G.S.-ATES FIRM, THE AUTHORIZATION TO EXPORT TO ROMANIA KNOW-HOW AND EQUIPMENT FOR THE MANUFACTURING OF MOS INTEGRATED CIRCUITS. THE

MATERIAL AND KNOW-HOW, FOR A VALUE OF US \$13.2 MILLION, HAVE BEEN REQUESTED BY THE ELECTRONUM COMPANY, BUCHAREST, TO PRODUCE DESK COMPUTERS.

THE TECHNOLOGY TO BE EXPORTED DATES BACK TO 1969. THE MOS CIRCUITS USED TODAY IN THE WEST FOR SIMILAR APPLICATIONS ARE MANUFACTURED WITH MORE SPHISTICATED PROCESSES.

AFTER VARIOUS MEETINGS AT COCOM, THE STATUS OF ITALY'S REQUEST IS THE FOLLOWING:

- THE BRITISH DELEGATION RAISED A FORMAL OBJECTION INASMUCH AS IT BELIEVES THAT SUBJECT TECHNOLOGY HAS A CONSIDERABLE STRATEGIC IMPORTANCE;

- THE DELEGATIONS OF THE UNITED STATES AND OF THE FEDERAL REPUBLIC OF GERMANY RESERVE THEIR POSITION.

THE ITALIAN REPRESENTATIVE TO COCOM POINTED OUT THAT THE REASONS ADDUCED BY THE BRITISH DELEGATION SEEMED RATHER VAGUE; THEREFORE, THE LATTER SAID THAT IT WOULD FURNISH CLARIFICATIONS, PROBABLY DURING THE MEETING SCHEDULED FOR MARCH 29.

IN LIGHT OF THE GRAVE SITUATION IN THE SEGMENT OF ELECTRONIC INDUSTRY AND WITHIN THE FRAMEWORK OF THE AID NEEDED BY ROMANIA OWING TO THE RECENT EARTHQUAKE, ITALY HOPES THAT THE COMPETENT BRITISH AUTHORITIES WILL RECONSIDER THE MATTER AND MAKE A PROMPT AND POSITIVE SOLUTION CON-  
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CERNING ITALY'S REQUEST POSSIBLE.

IN THIS CONNECTION, THE FOLLOWING IS POINTED OUT:

- THE EXPORTATION IS PARTICULARLY IMPORTANT FOR THE ITALIAN ELECTRONIC INDUSTRY. ON ITS SOLUTION DEPEND ROMANIA'S SUBSEQUENT ORDERS;

- DURING THE COCOM MEETING, HELD ON MARCH 8, 1977, THE TECHNICAL EXPERT OF THE ITALIAN DELEGATION FURNISHED A DOCUMENTATION SHOWING THAT COUNTRIES OF THE EAST BLOC ALREADY HAVE SUBJECT TECHNOLOGY;

- AS PREVIOUSLY MENTIONED, TECHNOLOGY TO BE EXPORTED ("CHANNEL N" TECHNOLOGY) DATES BACK TO 1969 AND IS OBSOLETE. IT WILL BE COMPLETELY OBSOLETE AT THE TIME WHEN THE ROMANIAN PLANT WILL BECOME OPERATIONAL;

-THE MATERIAL AND KNOW-HOW FOR WHICH A MANUFACTURING

LICENSE HAS BEEN REQUESTED ARE USED FOR DESK MINICOMPUTERS AND COMPUTERS WHICH ARE USED FOR SPECIFIC APPLICATION, I.E. FOR OFFICE PURPOSES. PRODUCTION LICENSES FOR SIMILAR MATERIAL HAVE ALREADY BEEN GRANTED TO EAST COUNTRIES BY SOME BIG FRENCH AND DUTCH INDUSTRIAL GROUPS. END TEXT.

3. DEPT. WILL NOTE THAT PRINCIPAL OBJECTOR TO PROPOSED SALE APPEARS TO BE UK. RICCIULLI EXPLAINED THAT WHEREAS UK HAD MADE FORMAL OBJECTION, HE ASSUMED THAT POSITIVE POSITION ON PART OF U.S. WOULD RESULT IN REMOVAL OF UK OBJECTION, REASONS FOR WHICH HE BELIEVED MIGHT BE AS MUCH COMMERCIAL AS STRATEGIC.

4. SHORTY AFTER PRESENTATION OF AIDE MEMOIRE, DIRECTOR OF THE OFFICE OF STATE CONTROLLED ECONOMIES REITANO, MFA, TELEPHONED EMBASSY ECONOMIC DEFENSE OFFICER (EDO) TO ADD THAT WHILE THERE IS MAJOR CONCERN FOR COCOM APPROVAL OF INTEGRATED CIRCUITS SALE, MFA IS EQUALLY CONCERNED WITH OVERALL SLOWNESS OF LIMITED OFFICIAL USE

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RESPONSE AND INACTIVITY OF SOME MEMBER DELEGATIONS OF COCOM AND THE RESULTANT HARDSHIP THIS CAUSES ITALIAN INDUSTRY.

5. ECMIN MADE NO SUBSTANTIVE RESPONSE, TO RICCIULLI'S PRESENTATION, BUT AGREED TO RELAY RICCIULLI'S REQUEST TO WASHINGTON IMMEDIATELY.

6. WHILE EMBASSY OBVIOUSLY UNABLE TO PASS JUDGEMENT ON SUBSTANCE OF THE ISSUE, IT HOPES THAT WASHINGTON AGENCIES WILL BE AS FORTHCOMING AS POSSIBLE IN CONSIDERING ITALIAN REQUEST.  
GARDNER

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## Message Attributes

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